

From: William Martin [martinb@epivax.com]
Sent: Thursday, March 31, 2005 2:11 PM
To: restructure.sizestandards@sba.gov
Subject: Eligibility of Venture Controlled Small Business for SBIR
Funding

All,

I am a owner/operator of a small business in the biotech sector. My business is majority owned by two individuals. We do not receive support from any VC firms. We have, over the years received several SBIR awards. These awards have been and continue to be an important part of our business. I am adamantly opposed to exempting venture backed companies from the SBAs small business size requirements. My reasons are two. First the quality and quantity of our SBIR proposals is directly related the amount of time and energy (read money) we can apply to the proposal writing process. Venture backed companies, as a general rule, have much stronger balance sheets than non-venture companies. As a result the proposals they submit are more numerous and more polished. By polished I mean both in terms of production quality and, more importantly, in terms of matching reviewers pre-conceived notions of what is worthy of additional research. The business intelligence provided by the VC partners is a valuable asset that true small businesses do not possess in similar quantities. The playing field is not level. The result can be a crowding out of truly innovative proposals by trendy well packaged VC backed proposals.

Second, many biotech VCs expect to take a majority stake in any companies they fund. I believe that in most cases this is unfair to entrepreneurs who have worked hard to build value in their companies only to face the Hobson's choice of giving up control in order to fund growth or foregoing capital and, in many cases, losing the momentum so critical to making the transition from small to medium size. By excluding VC backed companies from the SBIR program you can insure that SBIR funds continue to represent an alternative source of revenue for truly small and innovative companies and simultaneously give entrepreneurs additional leverage which can be used to help balance the scales between VCs and the small businesses who need their help by providing an additional reason why entrepreneurs should retain voting control of their companies.

Thanks for listening

Bill

Bill Martin
EpiVax, Inc
146 Clifford Street
Providence, RI 02903
Phone: 401-272-2123
Fax 401-272-7562

